

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 ISO-00 AGR-20 *SPC-*3

AID-20 NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08

OMB-01 CEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

XMB-07 OPIC-12 LAB-06 SIL-01 L-03 H-03 EA-11 NEA-10

OIC-04 IO-14 PA-04 PRS-01 USIA-15 DRC-01 /254 W

----- 087739

R 101912Z DEC 73

FM AMEMBASSY LO DON

TO SECSTATE WASHDC 6297

INFO AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY SAN SALVADOR

AMEMBASSY GUATEMALA

AMEMBASSY ABIDJAN

AMCONSUL RIO DE JANEIRO

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E.O. 11652: N/A

TAGS: EGEN

SUBJECT: COFFEE: EXECUTIVE BOARD MEETING, DEC 5-7

*EF: LONDON 10313 (NOTAL)

SUMMARY INTERNATIONAL COFFEE ORGANIZATION EXECUTIVE BOARD SETTLED SEVERAL LONG-STANDING ISSUES IN COURSE OF THREE-DAY MEETING. BROOKINGS INSTITUTE STUDY FINALLY KILLED, SEPT DECISION ON INDICATOR PRICE SYSTEM CONFIRMED, AND AGREEMENT REACHED ON SCHEDULE FOR RENEGOTIATION. END SUMMARY

1. ICO EXECUTIVE BOARD MET FOR FIRST TIME SINCE ICA, EXTENDED WITHOUT ECONOMIC CLAUSES, ENTERED IN LIMITED OFFICIAL USE

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FORCE. FIRST ISSUE TO BE RAISED WAS PERENNIAL ONE OF

INDICATOR PRICE SYSTEM. THIS HAD SEEMINGLY BEEN SETTLED IN SEPTEMBER, WHEN BOARD HAD AGREED TO CONTINUE COLLECTING AND PUBLICIZING INDICATOR PRICES CALCULATED AS HERETOFORE, BUT HAD AGREED THAT WORKING GROUP WOULD BE SET UP TO STUDY SYSTEM AND IF POSSIBLE MAKE RECOMMENDATIONS TO IMPROVE IT.

2. DURING CURRENT BOARD SESSION, ISSUE AROSE IN GUISE OF AN ATTACK ON LEGALITY OF DECISION TO CONTINUE COLLECTING AND PUBLISHING INDICATOR PRICES. EL SALVADOR R*ISED ISSUE INITIALLY, BUT LEGAL CASE PUT MOST FORCEFULLY BY GUATEMALA. IN ESSENCE, ARGUMENT WAS THAT SYSTEM HAD BEEN INCORPORATED IN ICA UNDER SERIES OF *ESOLUTIONS, MOST RECENT OF WHICH WAS RESOLUTION 249, FOR PURPOSE OF ADJUSTING QUOTAS SELECTIVELY. QUOTAS, AND THEIR ADJUSTMENT NO LONGER PART OF ICA AND RESOLUTION 249 HAD EXPIRED. IT FOLLOWED, GUATEMALA ARGUED, THAT INDICATOR PRICES COULD NO LONGER "LEGALLY" BE COLLECTED BY ICO. THIS REASONING SUPPORTED BY COLOMBIA AND MEXICO, WHILE BRAZIL SAID THAT INDICATOR PRICES COULD LEGALLY BE COLLECTED, BUT NOT RPT NOT PRESENT ONES.

3. THIS ARGUMENT REJECTED BY CONSUMERS, NOTABLY US, FRANCE AND CANADA, ALL OF WHOM POINTED OUT THAT RIGHT TO COLLECT PRICE DATA SPECIFICALLY SANCTIONED BY ARTICLE 55 OF EXTENDED AGREEMENT AND INDEED, ONE OF BASIC PURPOSES OF EXTENDED AGREEMENT WAS TO ACT AS CENTER FOR COLLECTION AND DISSEMINATION OF PRICE DATA.

4. DISCUSSION BROADENED BEYOND QUESTION OF LEGALITY INTO REHASH OF OLD ARGUMENTS ABOUT INDICATOR PRICES WHEN CANADA ASKED WHAT LAY BEHIND GUATEMALAN LEGAL ARGUMENT. AFTER FURTHER EXTENDED DISCUSSION BOTH INSIDE AND OUTSIDE BOARD, GUATEMALA INDICATED WILLINGNESS TO ACCEPT COMPROMISE WHICH IN ESSENCE CONFIRMED SEPT. DECISION, BUT WITH ADDED PROVISIO THAT WORKING GROUP ON STATISTICS REPORT ITS PROGRESS TO EXECUTIVE BOARD AS SOON AS POSSIBLE, AND IN ANY CASE NOT LATER THAN MARCH 18TH. SUBSEQUENTLY WAS AGREED THAT WORKING LIMITED OFFICIAL USE

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GROUP WOULD MEET WEEK OF FEBRUARY 18-22.

5. BROOKINGS INSTITUTE STUDY CAME UP AGAIN WITH COLOMBIA CONTINUING PRESS ITS CASE. BOARD CHAIRMAN SOUGHT ELICIT VIEWS OF COUNTRIES NEWLY ELECTED TO BOARD WHICH HAD NOT PREVIOUSLY PARTICIPATED IN DEBATE. UGANDA SAID IT "INDIFFERENT". NETHERLANDS SAID IT DIDN'T REALLY THINK MUCH OF IDEA, BUT WOULD GO ALONG IF

PRODUCERS WANTED IT. SPAIN SAID THEY COULD SUPPORT STUDY IF IT CLEAR THAT STUDY NOT LINKED TO RENEGOTIATION OF AGREEMENT. IN GENERAL DEBATE THAT FOLLOWED, BECAME CLEAR THAT POSITIONS HAD NOT CHANGED. MOST CONSUMERS, OAMCAF AND KENYA OPPOSED. LATIN AMERICANS SUPPORTED STUDY. US DID NOT RPT NOT PARTICIPATE IN DEBATE EXCEPT TO POINT OUT TO COLOMBIANS THAT DRAFT PROPOSAL BEFORE BOARD WAS DEFECTIVE ON TWO COUNTS. IT DID NOT MAKE PURPOSE OF STUDY CLEAR AND PROPOSED METHOD OF FINANCING STUDY THAT WAS UNSOUND. US SUGGESTED COLOMBIA RECONSIDER MATTER AND REDRAFT PROPOSAL.

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6. COLOMBIANS, NO DOUBT AS SICK AS REST OF MEMBERS OF

BOARD WITH MATTER, DID NOT ACCEPT THIS SUGGESTION. INSTEAD THEY PUSHED FOR VOTE. OVERALL STUDY SUPPORTED BY COLOMBIA, EL SALVADOR, BRAZIL, GUATEMALA AND MEXICO, OPPOSED BY OAMCAF, KENYA, GERMANY, FRANCE, US, UK AND CANADA WITH SPAIN, NETHERLANDS AND UGAND* ABSTAINING. IN TERMS OF BOARD'S WEIGHTED VOTING SYSTEM, RESULT WAS: EXPORTERS YES 728 VOTES, NO 168 VOTES, ABSTAIN 100 VOTES, IMPORTERS NO 773 VOTES, ABSTAIN 227 VOTES.

7. BOARD THEN TURNED TO QUESTION OF RENEGOTIATION OF AGREEMENT. AT GUATEMALAN INITIATIVE, FULL-SCALE DEBATE ENSUED WHICH WAS NOTEWORTHY FOR POLICY STATEMENT BY LIMITED OFFICIAL USE

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OAMCAF ON BEHALF AFRICAN ROBUSTA PRODUCERS. AFRICANS BELIEVE RENEWAL OF ICA W*TH ECONOMIC PROVISIONS ESSENTIAL FOR THEIR ECONOMIC WELLBEING. THEY PLAN SEND A MINISTERIAL LEVEL MISSION TO BOTH PRODUCER AND CONSUMER COUNTRIES TO TEST THEIR POLITICAL RECEPTIVITY TO AGREEMENT'S RENEWAL. (TIMING AND COMPOSITION OF MISSION NO* YET DETERMINED.) RESULT THIS DEBATE WAS AGREEMENT IN BOARD TO RECONSTITUTE WORKING GROUP IN AGREEMENT, CONSISTING OF ALL MEMBERS OF BOARD, PLUS CHAIRMAN OF COUNCIL AND CHAIRMAN OF BOARD. GROUP WILL MEET WEEK OF FEBRUARY 11TH - 15TH UNDER CHAIRMANSHIP OF EXECUTIVE DIRECTOR, AND WILL HAVE BEFORE IT A WORKING PAPER PREPARED BY EXECUTIVE DIRECTOR AFTER CONSULTATIONS WITH MEMBERS LISTING KEY ISSUES AND POLICY OPTIONS OPEN TO ICO.

8. OTHER MORE ROUTINE MATTERS ALSO DEALT WITH. BOARD REAPPOINTED FINANCE COMMITTEE CONSISTING OF US, UK, FRG, SWEDEN, BRAZIL, COLOMBIA, EL SALVADOR AND OAMCAF. IT SET DATE FOR NEXT MEETING OF BOARD AS MARCH 18-20 AND COUNCIL MAY 27-31. FINALLY IT RECOMMENDED APPROVAL OF APPLICATION OF TRINIDAD AND TOBAGO FOR MEMBERSHIP IN AGREEMENT. THIS WILL BE SUBMITTED TO ICO MEMBERS FOR DECISION BY POSTAL BALLOT.

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